Student Debt and the Class of 2009

THE PROJECT ON STUDENT DEBT

Student Debt and the Class of 2009 is our fifth annual report on the cumulative student loan debt of recent graduates from public and private nonprofit colleges. Our analysis of the latest available data found that the debt levels of students who graduate with loans continued to rise, with considerable variation among states as well as among colleges.

We estimate that college seniors who graduated in 2009 carried an average of $24,000 in student loan debt, up six percent from the previous year.[1] The six percent increase in average debt at the national level is similar to the average annual increase over the past four years, despite the recent economic downturn. It is likely that the Class of 2009 took out the bulk of their student loans before the recession began. Additionally, many colleges made concerted efforts to increase or maintain need-based grant aid when the economy faltered, so that students could afford to stay in school.[2]

State averages for debt at graduation from four-year colleges ranged widely in 2009, from $13,000 to $30,000. As in previous years, high-debt states are concentrated in the Northeast, while low-debt states are mainly in the West. Average debt continued to vary even more at the campus level than at the state level, from $3,000 to $61,500. Colleges with higher tuition tend to have higher average debt, but there are many examples of high tuition and low average debt and vice versa.

In the current economic climate, recent college graduates who borrowed for their education face unique challenges in paying back their student loans. The unemployment rate for young college graduates rose from 5.8 percent in 2008 to 8.7 percent in 2009, the highest annual rate on record.[3]

Given the growing enrollment in and attention to for-profit colleges, it is important to note that this report reflects only graduates of public and private nonprofit four-year colleges because so few for-profit colleges report student debt data. However, based on national surveys conducted by the U.S. Department of Education, we know that on average, graduates of for-profit four-year colleges are much more likely to borrow student loans and borrow significantly more than their counterparts at public and private nonprofit colleges. For more information, see page 5.

A *companion interactive map* with details for all 50 states, the District of Columbia, and more than 1,000 public and private nonprofit four-year colleges is available at http://projectonstudentdebt.org/state_by_state-data.php.

[1] These figures reflect the average cumulative debt levels of 2008-09 bachelor's degree recipients with loans at public and private nonprofit four-year colleges. See the *Where the Numbers Come From and How We Use Them* section for more information. All dollar figures in this report are given in current or nominal dollars, not adjusted for inflation. Adjusting for the deflation that occurred between 2008 and 2009, the percent increase in average debt of borrowers during that time period would be seven percent.

[2] See for example: Kate Zernike, "To Keep Students, Colleges Cut Anything but Aid," *New York Times*, February 28, 2009, http://www.nytimes.com/2009/02/28/education/28college.html, accessed October 13, 2010. Matt Gelb, "Fewer Merit Scholarships Planned," ABC News, March 23, 2009, http://abcnews.go.com/OnCampus/story?id=7015990&page=4, accessed January 14, 2010. For information about the more than 50 public and private colleges with no-loan or reduced-loan financial aid policies for low- and middle-income students, please visit our website, http://www.projectonstudentdebt.org/pledges.

[3] These annual unemployment figures are from unpublished data from the Current Population Survey (CPS), provided by the Bureau of Labor Statistics (BLS) in response to personal communications in November 2009 and August 2010. The figures apply to those in the civilian non-institutional population who have a bachelor's degree or higher and are aged 20 to 24 and are actively seeking work. The unemployment rate measures the proportion of that population who are not working.

Student Debt Highs and Lows, by State

The statewide average debt levels for the Class of 2009 vary widely among the states, but many of the same states appear at the high and low ends of the spectrum as have in previous years.[4] We base state averages on the best available college-level data, which were reported voluntarily by approximately 1,000 public and private nonprofit four-year colleges for the Class of 2009.[5] For more information on our methodology, see the *Where the Numbers Come From and How We Use Them* section.

The following tables show the states with the highest and lowest average debt levels for the Class of 2009.

High Debt States	
District of Columbia	$30,033
New Hampshire	$29,443
Maine	$29,143
Iowa	$28,883
Vermont	$27,786
Minnesota	$27,467
Pennsylvania	$27,066
Rhode Island	$26,573
Alaska	$26,344
Ohio	$25,842

Low Debt States	
Utah	$12,860
Georgia	$16,568
Nevada	$16,742
Wyoming	$17,084
Delaware	$17,200
California	$17,326
Arizona	$17,393
Kentucky	$19,112
Louisiana	$19,677
Washington	$19,780

As in recent years, states in the Northeast are disproportionately represented among the "high debt" states, while those in the West are disproportionately represented among the "low debt" states.[6] This may be related to the fact that both private and public four-year colleges in the Northeast have higher than average tuition, and that a larger than average share of students in the Northeast attend private nonprofit four-year colleges. In comparison, Western states have a larger share of students attending public four-year colleges and lower than average tuition at public colleges.[7]

In general, private nonprofit colleges have higher tuition than public ones, and higher average tuition at the state or college level is associated with higher average debt. However, there are many colleges with high tuition and low debt, and vice versa. Multiple factors influence average debt levels at a college, such as endowment resources available for financial aid, student demographics, state policies, institutional financial aid packaging policies, and the cost of living in the local area. For more about debt at the college level, see the *Student Debt at Colleges* section.

[4] The state averages and rankings in this report are not directly comparable to those in previous years' reports due to changes in which colleges in each state report data each year, corrections to the underlying data submitted by colleges, and changes in methodology. To compare state averages over time based on the current data and methodology, please visit College Insight, http://College-InSight.org.

[5] The institutional debt data used in this report are provided voluntarily by colleges in response to questions that are part of the Common Data Set (CDS), http://www.commondataset.org. The Project on Student Debt's parent organization, the Institute for College Access & Success, licenses these data through an agreement with Peterson's, a publisher of college guides. The data are copyright 2010 Peterson's, a Nelnet company. All rights reserved.

[6] These regions are as defined by the U.S. Census Bureau, "Census regions and divisions with State FIPS Codes," http://www.census.gov/geo/www/us_regdiv.pdf, accessed November 10, 2009.

[7] Based on calculations by The Project on Student Debt on 12-month unduplicated undergraduate enrollment during the 2008-09 year from the U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS).

The following table shows each state's average debt and proportion of students borrowing for graduates in the Class of 2009, along with information about the amount of usable data actually available for each state.[8]

Percentage of Graduates with Debt and Average Debt of those with Loans, by State

	Class of 2009				Institutions (BA-granting)		Graduates
State	Average Debt	Rank	% with debt	Rank	Total	Usable	% Represented in Usable Data
Alabama	$24,009	16	51%	38	32	17	65%
Alaska	$26,344	9	53%	35	4	3	95%
Arizona	$17,393	43	45%	46	10	4	97%
Arkansas	$19,880	39	57%	28	22	12	65%
California	$17,326	44	48%	43	128	66	83%
Colorado	$20,866	30	54%	33	21	15	83%
Connecticut	$25,038	14	59%	22	23	15	88%
Delaware	$17,200	45	44%	47	6	1	65%
District of Columbia	$30,033	1	51%	38	9	6	73%
Florida	$20,766	31	49%	41	69	30	77%
Georgia	$16,568	48	58%	24	54	31	83%
Hawaii	N/A	N/A	N/A	N/A	7	2	15%
Idaho	N/A	N/A	N/A	N/A	9	3	43%
Illinois	$22,049	26	60%	20	76	45	83%
Indiana	$25,246	13	63%	15	50	34	91%
Iowa	$28,883	4	74%	2	35	23	89%
Kansas	$20,454	34	58%	24	29	14	76%
Kentucky	$19,112	42	54%	33	32	24	88%
Louisiana	$19,677	41	48%	43	26	13	66%
Maine	$29,143	3	65%	12	19	9	56%
Maryland	$19,984	36	49%	41	35	19	75%
Massachusetts	$24,484	15	63%	15	79	49	78%
Michigan	$25,458	12	59%	22	59	30	80%
Minnesota	$27,467	6	73%	3	38	28	83%
Mississippi	$22,566	20	57%	28	19	9	82%
Missouri	$21,360	29	66%	9	54	25	72%
Montana	$22,346	23	68%	8	10	6	59%
Nebraska	$22,361	22	64%	14	25	12	67%
Nevada	$16,742	47	37%	49	8	2	94%
New Hampshire	$29,443	2	72%	5	17	9	75%
New Jersey	$22,731	19	62%	19	36	21	82%
New Mexico	$21,478	28	47%	45	11	6	47%

[8] In order for their data to be considered usable for calculating state averages, colleges had to report both the percent of graduating students with loans and their average debt, and report granting bachelor's degrees during the 2008-09 year. As shown in the table for Hawaii and Idaho, we did not calculate state averages when the usable cases with student debt data cover less than 30% of bachelor's degree recipients in the Class of 2009 or when the underlying data for that state showed a change of 30% or more in average debt from the previous year. Such large year-to-year swings likely reflect different institutions reporting each year, reporting errors, or changes in methodology by institutions reporting the data, rather than actual changes in debt levels.

Percentage of Graduates with Debt and Average Debt of those with Loans, by State							
	Class of 2009				Institutions (BA-granting)		Graduates
State	Average Debt	Rank	% with debt	Rank	Total	Usable	% Represented in Usable Data
New York	$25,739	11	63%	15	171	84	69%
North Carolina	$19,983	37	56%	31	58	32	64%
North Dakota	$22,030	27	71%	7	13	4	48%
Ohio	$25,842	10	66%	9	79	40	82%
Oklahoma	$20,469	33	56%	31	29	16	72%
Oregon	$22,417	21	60%	20	29	17	72%
Pennsylvania	$27,066	7	72%	5	126	81	77%
Rhode Island	$26,573	8	65%	12	10	6	70%
South Carolina	$22,277	24	53%	35	35	15	69%
South Dakota	$23,581	17	78%	1	13	7	75%
Tennessee	$20,678	32	53%	35	47	32	70%
Texas	$20,015	35	58%	24	92	45	72%
Utah	$12,860	49	38%	48	9	5	53%
Vermont	$27,786	5	63%	15	18	9	67%
Virginia	$19,918	38	57%	28	44	36	89%
Washington	$19,780	40	58%	24	30	15	69%
West Virginia	$ 22,054	25	73%	3	20	11	43%
Wisconsin	$22,904	18	66%	9	37	26	74%
Wyoming	$ 17,084	46	50%	40	1	1	100%

Student Debt at Colleges

Student debt levels can vary considerably among colleges due to a number of factors. Higher costs for tuition and fees are associated with higher average debt, though there are many exceptions. State and institutional resources and policies regarding financial aid can also play a role in influencing student debt levels. For example, four colleges (California Institute of Technology, Claremont McKenna College, Princeton University, and Williams College) with no-loan or reduced-loan financial aid policies for low- and middle-income students are notable for charging over $30,000 for tuition and fees in 2008-09 but graduating bachelor's degree recipients with, on average, less than $10,000 in student loans.[9] Additionally, student debt levels are likely influenced by the demographic makeup of the graduating class and the cost of living in the local area.

Many factors can also affect the way that colleges report the debt figures used in this analysis. There are differences in how colleges interpret the relevant survey questions and calculate their average debt figures, despite attempts to provide clear definitions and instructions.[10] There are also colleges that do not report these figures at all or fail to update them. Only 1,065 of the 1,913 public and private nonprofit four-year colleges in the U.S. that granted bachelor's degrees during the 2008-09 year reported figures for both average debt and percent with debt. Some colleges may not receive Peterson's annual survey, choose not to respond to the survey, or choose not to respond to the student debt questions. The available data show great variation from college to college, with average debt figures from $3,000 to $61,500. At the high end, 72 colleges reported average debt of more

[9] For more information about Financial Aid Pledges, please visit our website, http://www.projectonstudentdebt.org/pledges.
[10] The survey instructions and other information on our data source can be found in the *Where the Numbers Come from and How We Use Them* section.

than $35,000. The percentage of graduates with debt ranges from one to 100 percent. Seventy-three colleges reported more than 90 percent of the Class of 2009 graduating with debt.

Our analysis suggests that the available campus-level data are not reliable enough to rank individual colleges with especially high or low debt levels. However, we have identified colleges with reported debt levels that fall into high or low ranges relative to the levels reported by all institutions. These lists illuminate the high and low ends of the spectrum among colleges reporting student debt data.[11]

For public and private nonprofit four-year colleges, campus-level data on student debt, enrollment, tuition, and the percentage of students receiving Pell Grants are available through an interactive map at http://projectonstudentdebt.org/state_by_state-data.php. These and additional data related to affordability, diversity, and success are also available online at http://College-InSight.org, where users can compare data over several years and for states, sectors, individual colleges, and the nation as a whole.

A Note on For-Profit Colleges

Private for-profit colleges are not included in the lists of high- and low-debt colleges or in the state averages because very few report the relevant data. Debt figures for the Class of 2009 are available for only seven of the 438 private for-profit four-year colleges in the U.S. that awarded bachelor's degrees during the 2008-09 year, a substantial drop in participation from the previous year. For-profit colleges do not generally participate in Peterson's annual survey (or the other surveys based on the Common Data Set) either because they are not sent the survey or because they choose not to respond. In the most recent year for which representative national data are available, almost all graduates from for-profit four-year colleges (96%) took out student loans and borrowed 45 percent more than graduates from other types of four-year colleges.*

* See Quick Facts about Student Debt (http://projectonstudentdebt.org/files/File/Debt_Facts_and_Sources.pdf) for more information.

High Debt Colleges

The colleges on the following lists (see page 6) are notable for having very high average debt levels for the Class of 2009. Because public colleges generally have significantly lower tuition and lower debt levels than private colleges, we list public and private colleges separately on these "high debt" lists. The high-debt public colleges listed here have average debt from $28,000 to $39,000. While some may have high in-state tuition relative to other public colleges, the vast majority have in-state tuition and fees under $10,000.[12] The high-debt private nonprofit colleges listed here generally have average debt from $39,500 to $52,000, with one outlier at $61,500.

Low Debt Colleges

The colleges on the following list (see page 6) are notable for having low debt levels for the Class of 2009, with reported average debt between $3,000 and $8,500. Some of these colleges are low-tuition public colleges, but more than one in three (35%) of the low debt colleges charge tuition and fees over $10,000. Some are highly selective national universities and liberal arts colleges with fairly large endowments, which tend to enroll fewer students who need loans to pay for college and often give generous grant aid to lower income students. Berea College and the College of the Ozarks are "work colleges," where all students work instead of paying tuition. However, students at these colleges may still need to borrow to cover the cost of books and supplies, transportation, or other education-related expenses.

[11] These lists present the 20 colleges at the top and bottom of the spectrum in terms of the average debt of borrowers. Only colleges that reported both average debt and percent with debt for the Class of 2009 and had at least 100 bachelor's degree recipients in 2008-09 are included on these lists. We excluded colleges for which our analysis raised serious questions about the accuracy of the data, as well as colleges that informed us that they intend to correct their debt figures with Peterson's.

[12] A high proportion of out-of-state students paying a much higher non-resident tuition may also be a factor for some public colleges on the high debt list. However, due to tuition compacts between states and other policy and data factors, it is difficult to tell how many students pay non-resident tuition at public colleges.

High Debt Public Colleges and Universities (Alphabetical by Name)	
Alabama A & M University	AL
Alabama State University	AL
Bowling Green State University-Main Campus	OH
Ferris State University	MI
Fort Valley State University	GA
Indiana University-Northwest	IN
Iowa State University	IA
Langston University	OK
Lincoln University of Pennsylvania	PA
Maine Maritime Academy	ME
Mansfield University of Pennsylvania	PA
Minnesota State University-Moorhead	MN
Pennsylvania State University (multiple campuses)	PA
Plymouth State University	NH
Temple University	PA
University of Alaska Fairbanks	AK
University of Maine	ME
University of Michigan-Dearborn	MI
University of Minnesota-Duluth	MN
University of Nebraska Medical Center	NE
University of New Hampshire-Main Campus	NH

High Debt Private Nonprofit Colleges and Universities (Alphabetical by Name)	
American University	DC
Buena Vista University	IA
Cleveland Institute of Art	OH
College for Creative Studies	MI
Eastern Nazarene College	MA
Florida Institute of Technology	FL
Green Mountain College	VT
Kettering University	MI
Lawrence Technological University	MI
Long Island University-Brooklyn Campus	NY
Minneapolis College of Art and Design	MN
Ohio Northern University	OH
Ringling College of Art and Design	FL
Saint Joseph College	CT
Simmons College	MA
The College of Saint Scholastica	MN
University of Dubuque	IA
Wheelock College	MA
Woodbury University	CA
Worcester Polytechnic Institute	MA

Low Debt Colleges and Universities (Alphabetical by Name)		
Berea College	KY	Private nonprofit, 4-year or above
Caldwell College	NJ	Private nonprofit, 4-year or above
California Institute of Technology	CA	Private nonprofit, 4-year or above
Cameron University	OK	Public, 4-year or above
College of the Ozarks	MO	Private nonprofit, 4-year or above
CUNY College of Staten Island	NY	Public, 4-year or above
CUNY Hunter College	NY	Public, 4-year or above
Hampton University	VA	Private nonprofit, 4-year or above
Kennesaw State University	GA	Public, 4-year or above
Lamar University	TX	Public, 4-year or above
Lane College	TN	Private nonprofit, 4-year or above
New Mexico Institute of Mining and Technology	NM	Public, 4-year or above
Princeton University	NJ	Private nonprofit, 4-year or above
Sam Houston State University	TX	Public, 4-year or above
Southeastern Oklahoma State University	OK	Public, 4-year or above
The Baptist College of Florida	FL	Private nonprofit, 4-year or above
Tusculum College	TN	Private nonprofit, 4-year or above
University of Wisconsin-River Falls	WI	Public, 4-year or above
Western New Mexico University	NM	Public, 4-year or above
Williams College	MA	Private nonprofit, 4-year or above

A Note on Private (Nonfederal) Loans

Currently, campus-level data on private student loans are very limited. Private student loans are not subsidized by the government and are made to students by private banks and lenders (many of which used to also make federal student loans), as well as by some states and colleges. No more a form of financial aid than a credit card, private student loans are one of the riskiest ways to pay for college. They typically have uncapped variable interest rates that are highest for those who can least afford them. Private loans also lack the basic consumer protections and flexible repayment options of federal student loans, such as deferment, income-based repayment, and loan forgiveness. The most recent available national data indicate that 33 percent of bachelor's degree recipients graduated with private (nonfederal) loans during the 2007-08 year, with an average private loan amount of $12,550.[13] There is great variation in private loan borrowing among different types of institutions. Students graduating from private for-profit colleges are the most likely to have taken out private loans, with 64 percent of seniors graduating with private loans.

Although private loans are not reported separately in the data used for this report, colleges are now asked about both federal loan borrowing *and* overall borrowing. These figures suggest that at least 23 percent of the volume of all student debt for the Class of 2009 at public and private nonprofit four-year colleges was composed of private loans. There is great variation in the level of private loan borrowing, even among colleges with similar levels of overall borrowing. For example, only nine percent of the overall student debt at Indiana University-Northwest (IN) was composed of private loans, compared to 41 percent at Bowling Green State University-Main Campus (OH), although both of these public colleges have similar levels of borrowing.[14] Just over half (51%) of the overall student debt for the Class of 2009 at the College of Saint Scholastica (MN) was composed of private loans, compared to 73 percent at Kettering University (MI), although both of these private nonprofit colleges have similar levels of borrowing.[15] These differences in the composition of student debt can significantly affect borrowers' ability to repay their loans, as private loans typically have much higher costs and provide little, if any, relief for struggling borrowers.

While many factors affect private student loan usage, there is evidence that college policies and practices can make a difference in minimizing students' reliance on risky private loans. For example, Barnard College saw significant declines in private loan borrowing after implementing policies of proactively counseling students and parents about their federal grant and loan options when they are known to have applied for private loans. Colorado State University also counsels private loan applicants, leading half of those counseled to pursue their federal borrowing options first.[16]

[13] Calculations by the Project on Student Debt on data from the 2008 National Postsecondary Student Aid Study (NPSAS). Figures reflect the cumulative private (nonfederal) loan debt of bachelor's degree recipients who were U.S. citizens or permanent residents and graduated from a public, private nonprofit, or private for-profit four-year postsecondary institution during the 2007-08 academic year.
[14] At Indiana University-Northwest. 68% of the Class of 2009 borrowed student loans and the average debt of borrowers was $28,403. At Bowling Green State University-Main Campus, 72% of the Class of 2009 borrowed student loans and the average debt of borrowers was $28,542.
[15] At the College of Saint Scholastica, 81% of the Class of 2009 borrowed student loans and the average debt of borrowers was $40,401. At Kettering University, 84% of the Class of 2009 borrowed student loans and the average debt of borrowers was $41,485.
[16] See Lindsey Luebchow, "Colorado State Does Private Loans Right," Higher Ed Watch, August 23, 2007, http://higheredwatch.newamerica.net/blogs/education_policy/2007/08/colorado_state, accessed October 13, 2010.

Where the Numbers Come From and How We Use Them

Several organizations conduct annual surveys of colleges that include questions about student loan debt, including *U.S. News & World Report*, Peterson's (publisher of its own college guides), and the College Board. To make the process easier for colleges, these organizations use questions from a shared survey instrument, called the Common Data Set. Despite the name "Common Data Set," there is no actual repository or "set" of data. Each surveyor conducts, follows up, and reviews the results of its own survey independently. For this analysis we licensed and used the data from Peterson's.[17] Below is the section of the Common Data Set 2009-10 used to collect student debt data for the Class of 2009:

> **Note:** These are the graduates and loan types to include and exclude in order to fill out CDS H4, H4a, H5 and H5a.
>
> Include:
>
> * 2009 undergraduate class who graduated between July 1, 2008 and June 30, 2009 who started at your institution as first-time students and received a bachelor's degree between July 1, 2008 and June 30, 2009.
>
> * only loans made to students who borrowed while enrolled at your institution.
>
> * co-signed loans.
>
> Exclude:
>
> * those who transferred in.
>
> * money borrowed at other institutions.
>
> H4. Provide the percentage of the class (defined above) who borrowed at any time through any loan programs (institutional, state, Federal Perkins, Federal Stafford Subsidized and Unsubsidized, private loans that were certified by your institution, etc.; exclude parent loans). Include both Federal Direct Student Loans and Federal Family Education Loans.
> ________%
>
> H4a. Provide the percentage of the class (defined above) who borrowed at any time through federal loan programs--Federal Perkins, Federal Stafford Subsidized and Unsubsidized. Include both Federal Direct Student Loans and Federal Family Education Loans. NOTE: exclude all institutional, state, private alternative loans and parent loans. _____%
>
> H5. Report the average per-undergraduate-borrower cumulative principal borrowed of those in line H4.
> $____________
>
> H5a. Report the average per-undergraduate-borrower cumulative principal borrowed, of those in H4a, through federal loan programs--Federal Perkins, Federal Stafford Subsidized and Unsubsidized. Include both Federal Direct Student Loans and Federal Family Education Loans. These are listed in line H4a. NOTE: exclude all institutional, state, private alternative loans and exclude parent loans.$ _____[18]

Our state-level figures and the lists of high- and low-debt colleges are based on the 1,065 colleges that answered both overall debt questions (H4 and H5 in the above CDS excerpt) for the Class of 2009, and reported granting bachelor's degrees in the Integrated Postsecondary Education Data System (IPEDS), a set of federal surveys on higher education. These colleges represent 56 percent of all public and private nonprofit four-year colleges that

[17] Peterson's Undergraduate Financial Aid and Undergraduate Databases, © 2010 Peterson's, a Nelnet company. All rights reserved.
[18] Common Data Set Initiative, "Common Data Set 2009-10", http://www.commondataset.org, accessed September 7, 2010.

granted bachelor's degrees in 2008-09 and 76 percent of all 2009 bachelor's degree recipients in these sectors.[19] Around two-thirds (64%) are private nonprofit colleges, which is similar to the ratio found among all colleges.

In this report, the term "colleges" refers to public four-year and private nonprofit four-year institutions of higher education that granted bachelor's degrees during the 2008-09 year and are located in the 50 states plus the District of Columbia.

Estimating National Averages

The most comprehensive and reliable source of financial aid data at the national level, the National Postsecondary Student Aid Study (NPSAS), consistently shows higher student debt than national estimates derived from data that some colleges voluntarily report to Peterson's. For example, the most recent NPSAS showed average debt for the Class of 2008 that exceeded the average based on Peterson's data by about $1,550. NPSAS is only conducted by the U.S. Department of Education every four years, does not provide representative data for all states, and provides no data for individual colleges.[20] Therefore, in years when NPSAS is not conducted, we estimate the national average student debt upon graduation by using the change in the national average from Peterson's to update the most recent NPSAS figure. The college-level data from Peterson's show an increase in average debt of six percent between borrowers in the Class of 2008 and the Class of 2009, from $21,200 to $22,550. For the Class of 2008, NPSAS data show that bachelor's degree recipients at public and private nonprofit four-year colleges who graduated with loans in the Class of 2008 had an average of $22,750 in debt. Applying a six percent annual increase to $22,750, we estimate that the actual student debt for the Class of 2009 is $24,000.

Data Limitations

There are several reasons why CDS data provide an incomplete picture of the debt levels of graduating seniors. Although the CDS questions ask colleges to report cumulative debt from both federal and private (nonfederal) student loans, colleges may not be aware of all the private loans their students carry. The CDS questions also instruct colleges to exclude transfer students and the debt those students carried in. Since the survey is voluntary and not audited, colleges may actually have a disincentive for honest and full reporting. Colleges that accurately calculate and report each year's debt figures rightfully complain that other colleges may have students with higher average debt but fail to update their figures, under-report actual debt levels, or never report figures at all. Additionally, few for-profit colleges report debt data through CDS, and national data show that borrowing levels at for-profit colleges are, on average, much higher than borrowing levels at other types of colleges. See page 5 for more about for-profit colleges.

Despite the limitations of the CDS data, they are the only data available that show cumulative student debt levels for bachelor's degree recipients every year and at the college level. While far from perfect, CDS data are still useful for illustrating the variations in student debt across states and colleges.

What Data are Included in the State Averages?

The state averages are calculated from data reported by the 1,065 colleges described above. Debt figures are estimates, which are reported voluntarily by campus officials and are not audited or reviewed by any outside entity. In order for their data to be considered usable for calculating state averages, colleges had to report both the percent of graduating students with loans and their average debt, and report granting bachelor's degrees during the 2008-09 year. We did not calculate state averages when the usable cases with student debt data cover less than 30% of

[19] Out of the 2,256 public four-year and private nonprofit four-year colleges in the federal Integrated Postsecondary Education Data System (IPEDS) for 2008-09, 1,913 granted bachelor's degrees during the 2008-09 year, with 1,516,584 bachelor's degree recipients in the Class of 2009. The 1,065 colleges included in our calculations have a total of 1,152,860 bachelor's degree recipients in the Class of 2009. Of the 1,913 colleges in IPEDS that awarded bachelor's degrees, 490 were not found in the Peterson's dataset, either because they were not surveyed or because the IPEDS institution identifier was missing or incorrect in the Peterson's dataset. Another 358 institutions were in the Peterson's dataset, but did not report figures for both overall debt questions for the Class of 2009.

[20] NPSAS uses multiple sources (student-level data obtained by colleges, the National Student Loan Data System, and student surveys), allowing it to better account for all types of loans and avoid errors. The survey is also based on a representative sample of all college students and includes transfer students. NPSAS provides representative samples for only six states: California, Georgia, Illinois, Minnesota, New York, and Texas.

bachelor's degree recipients in the Class of 2009 or when the underlying data for that state showed a change of 30% or more in average debt from the previous year. Such large year-to-year swings likely reflect different institutions reporting each year, reporting errors, or changes in methodology by institutions reporting the data, rather than actual changes in debt levels.We weight the state averages according to the size of the graduating class (number of bachelor's degree recipients during the 2008-09 year) and the proportion of graduating seniors with debt.

The state averages and rankings in this report are not directly comparable to averages in previous years' reports due to changes in which colleges in each state report data each year, corrections to the underlying data submitted by colleges, and changes in methodology. College InSight (at http://College-InSight.org) includes averages for states, sectors, and other aggregate groupings of colleges, covering seven academic years; however, we recommend using caution when generating year-to-year comparisons for aggregates with the student debt data or other data taken from CDS. The underlying cohort of colleges reporting data for a particular topic or variable may not be representative of the grouping as a whole, the list of colleges reporting data within each grouping may change from year to year, and colleges may even change sectors.

Recommendations to Improve Student Debt Data

Student debt is widely understood to be a serious and growing problem in the United States. Too many qualified young people are deterred from college by the presumed or actual cost, and the majority of those who graduate from college have substantial debt that can limit their career options and make it difficult to save for a home, a family, retirement, or their own children's educations. It is important for students, policymakers, and the public to have timely and accurate information on student debt at the college level to inform decision making and hold colleges accountable for their policies and practices.

There is currently no comprehensive or externally verified source of data on student debt at the college level that is available on an annual basis. As discussed above, the Common Data Set (CDS) is the only source for college-level cumulative student debt, but the data are far from perfect. Although the federal government has taken a number of steps to fill in the gaps, more action is needed to ensure that reliable data on student debt across states and colleges are available every year.

Data on private student loans are particularly scarce, and the federal government is only beginning to take steps toward improving this situation. In the last two years, the federal Integrated Postsecondary Education Data System (IPEDS), a set of annual surveys of colleges, began collecting disaggregated data on the federal and private (nonfederal) loans received by full-time freshmen. This is the first time data on private loan usage at individual colleges are available from a federal source, but full-time freshmen are often not representative of undergraduates as a whole. Additionally, the Department of Education's proposed regulations for career education programs would require that colleges report the amount students completing these programs received from private student loans and institutional financing plans.[21] However, these data would be available for career education programs only and, like the IPEDS and CDS survey data, would still depend on the colleges reporting figures fully and accurately.

A few important changes would greatly improve the available data and understanding of the student debt issue:

- **Expand federal collection of student debt data:** The Integrated Postsecondary Education Data System (IPEDS) should begin collecting the same financial aid data for all undergraduates that are currently collected for full-time freshmen, who can represent a very small percentage of students at some colleges. Additionally, IPEDS should collect data on cumulative student debt for graduating students as well as the volume of annual borrowing of both federal and private loans by all undergraduates, instead of just federal loans. Many colleges already report the data on CDS surveys, so there would not be a significant increase in the reporting burden. Collecting student debt figures from IPEDS would lead to

[21] Notice of Proposed Rulemaking (NPRM), June 18, 2010, http://www2.ed.gov/legislation/FedRegister/proprule/2010-2/061810a.pdf, accessed September 7, 2010.

much more comprehensive and accurate data than CDS provides, helping to fill gaps such as the lack of college-level data on student borrowing at for-profit colleges.

- **Require full school certification of private loans:** Many consumer and student advocates, higher education associations including the National Association of Student Financial Aid Administrators, and several groups representing lenders, support the full school "certification" of private loans. Such certification would require that lenders confirm a student's enrollment and aid eligibility with the college before disbursing a private loan, and that colleges inform students of any remaining federal loan and grant eligibility. This policy change would give school administrators information they need to counsel students about any remaining federal loan eligibility and other safer alternatives to private student loans.[22] We urge the Consumer Financial Protection Bureau (CFPB), an agency created by the financial reform bill (The Dodd-Frank Wall Street Reform and Consumer Protection Act[23]), to use its rulemaking authority over private student loans to require full school certification. The current system of borrower "self-certification" is insufficient and ineffective.[24]

- **Include private loans in the National Student Loan Data System (NSLDS):** The CFPB should also use its rulemaking authority to require reporting of private student loan information to NSLDS, which currently has data only on federal student loans. Consumers would then be able to see all their loans, both federal and private, in one place and receive counseling based on their total student loan debt. Colleges would be able to assess the usage of private loans among their students and craft policies to better encourage the use of federal loans first. Like the data on federal loans, the data on private loans would be available for inclusion in NPSAS and other federal datasets. This would also allow the federal government to calculate cumulative debt figures for colleges that include both federal and private loans, eliminating the need for IPEDS or CDS survey questions on the topic and reducing the reporting burden on colleges.

- **Collect and publish loan repayment rates and debt-to-income ratios:** The Department of Education should collect and publish program-level loan repayment rates and debt-to-income ratios for programs required by law to prepare students for gainful employment. Under the proposed draft regulation defining gainful employment, colleges would be required to disclose these rates only for programs whose graduates have very low repayment rates and high debt burdens. Making that data publicly available and easy to find in one place, rather than merely disclosed by individual colleges in a limited manner, would allow students, parents, researchers and policymakers to make informed comparisons between programs. Additionally, collecting and publishing these data for non-completers as well as program completers would better capture the actual student experience in these programs, particularly because students who borrow but do not complete are at high risk of defaulting on their loans. [25]

[22] For example see "Unlikely Bedfellows on Student Loans," Inside Higher Ed, May 11, 2010, http://www.insidehighered.com/news/2010/05/11/certify, accessed October 13, 2010.
[23] *Dodd-Frank Wall Street Reform and Consumer Protection Act,* Public Law 111-203.
[24] Self-certification requires the lender to collect a form from the loan applicant with the student's cost of attendance, estimated financial assistance, and the difference between those two amounts. As currently implemented, self-certification does not require any notification to the college, so college officials may not have the opportunity to check that the cost of attendance and estimated financial assistance figures are accurate or to counsel the student about other options. The relevant regulations can be found at 12 CFR 226.48(e), 34 CFR 601.11(d) and 34 CFR 668.14(b)(29).
[25] Gladieux, Lawrence and Laura Perna, "Borrowers Who Drop Out: A Neglected Aspect of the Student Loan Trend," The National Center for Public Policy and Higher Education, May 2005, http://www.highereducation.org/reports/borrowing/borrowers.pdf, accessed October 13, 2010.

THE PROJECT ON STUDENT DEBT

The Project on Student Debt is an initiative of The Institute for College Access & Success, an independent, nonprofit organization working to make higher education more available and affordable for people of all backgrounds. For more about the Institute, see http://www.ticas.org.

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